



JON M. HUNTSMAN, JR.  
Governor

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Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

M0410012  
TASK 2733

November 5, 2008

Corey Thurston  
Western Clay Company  
620 East State Hwy 24  
Aurora, Utah 84620

Subject: Approval of Amended Notice of Intention to Commence Large Mining Operations,  
Western Clay Company, Bentonite Pits, M0410012, Sevier County, Utah

Dear Mr. Thurston:

The Division has completed its review of your Notice of Intention (NOI) to Amend Large Mining Operations for the Bentonite Pits mine, located in Sevier County, Utah. After reviewing the information, the Division has determined that the notice is complete. The Division has approved the second Letter of Credit from Zion's Bank for the required \$121,100.00 additional surety amount. The total reclamation surety for this site is now \$256,000.00. Copies of the approved surety and amended reclamation contract are attached for your records.

As agreed verbally, by January 5, 2009, you are expected to update your NOI so that it is clear and concise, combining into a single comprehensive document the original NOI and all subsequent revisions and amendments. You are encouraged to work with Lynn Kunzler of the Division to assure a complete and accurate NOI.

If you have any questions in this regard please contact me at 801-538-5261 or Lynn Kunzler at 801-538-5310. Thank you for your cooperation and patience in completing this permitting action.

Sincerely,

Paul B. Baker  
Minerals Program Manager

PBB:LK:vs

Task # 2456

cc: John Blake, SITLA (ML 1937)

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STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

MODIFICATION OF ATTACHMENT A  
TO THE  
RECLAMATION CONTRACT

Name of Operator: Western Clay CompanyPermit Number: M/041/012Mine Name: Bentonite PitsPhone Number: 435-529-3281

**Per the executed reclamation contract, the surety agreement for reclamation obligation is included as Attachment A to the reclamation contract as follows:**

*Check the boxes that apply to this form:*

Surety: ☐ Decrease  
☒ Increase  
☐ Replacement

Reason: ☐ Amendment to NOI  
☐ Cancellation/ Termination of surety  
☒ Escalation  
☐ Partial Release of surety  
☒ Other

Explain: Escalation on entire bond, to the year 2013.

Surety Dollar Amount Associated With This Action: \$121,100.00

Surety Aggregate Amount: \$256,000.00

***Included in this modification (surety must be attached)***

Instrument(s):

<input type="checkbox"/> Corporate Surety	<input type="checkbox"/> Rider
<input checked="" type="checkbox"/> LOC Letter of Credit	<input type="checkbox"/> Amendment
<input type="checkbox"/> CD Certificate of deposit	<input type="checkbox"/> Addendum
<input type="checkbox"/> Cash	<input type="checkbox"/> Other

Explain:

**Other surety not affected by this modification will remain part of Attachment A and labeled as such.**

**This Modification will be effective as of the last date signed below**

Brad Baxton Brad Baxton  
Authorized Officer Signature Printed

President  
Title

9/29/08  
Date

John R. Baza  
Division Director John R. Baza  
Utah Division of Oil, Gas and Mining

10/27/08  
Date



FACT SHEET

Commodity: Clay

Mine Name: Bentonite Pits

Permit Number: M/041/012

County: Sevier

Bonded Acres: 58

Operator Name: Western Clay Co.

Operator address: PO Box 127, Aurora, UT

Operator telephone: 435-529-3281

Operator fax: 435-529-3714

Operator email: bboytor@hotmail.com

Contact: Brad Boytor / Cary Thurston

Surety Type: LOC

Held by (Bank/BLM): Zions Bank

Surety Amount: \$256,000.00

Surety Account Number: [REDACTED]

*Total surety = \$256,000*

Escalation Year: 2013

Tax ID or Social Security (for cash only): \_\_\_\_\_

Surface owner: SITLA

Mineral owner: SITLA

UTU number: ML-1937



**IRREVOCABLE STANDBY LETTER OF CREDIT NO. [REDACTED]**

Date: September 17, 2008

STATE OF UTAH  
UTAH DIVISION OF OIL, GAS AND MINING (DOGM)  
("DIVISION")  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Dear Sir/Madam:

At the request of WESTERN CLAY COMPANY ("Operator"), P.O. BOX 127, AURORA, UT 84620, we, ZIONS FIRST NATIONAL BANK ("Bank") hereby establish our Irrevocable Standby Letter of Credit ("Letter of Credit") in your favor up to an aggregate amount of One Hundred Twenty One Thousand One Hundred and 00/100 United States Dollars (USD121,100.00). This Letter of Credit is available for payment against presentation of your draft(s) at Sight drawn on Zions First National Bank, bearing the clause: "Drawn under Letter of Credit No. [REDACTED] of ZIONS FIRST NATIONAL BANK".

1. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Los Angeles time) on August 30, 2009, or (b) the date upon which sufficient documents are executed by the Division to release Western Clay Company ("Operator") from further liability for reclamation of Western Clay Company Inc., Bentonite Pits, M/041/012, Sevier County, Utah with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

2. This Letter of Credit will be automatically extended, without amendment, for successive periods of one year from the current or any future expiration date unless at least ninety (90) days prior to such expiration date, we notify the Division in writing, by certified mail or courier service that we elect not to renew this Letter of Credit for any additional period.

3. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. [REDACTED] delivered to the office of the Bank, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071. At the Division's sole election, the Division may present sight drafts for less than the Credit Amount so long as the aggregate amount of all sight drafts does not exceed the Credit Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

4. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 3 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 3 of this Letter of Credit, available to the Division no later than the close of business, Los Angeles time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial bank in the State of California are authorized or required by law to close.

5. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.

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6. The Letter of Credit will be governed by the laws of the State of Utah and will be subject to the Uniform Customs and Practice of Documentary Credit, 2007 revision, International Chamber of Commerce Publication No. 600, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

7. All communications regarding this Letter of Credit will be addressed to ZIONS FIRST NATIONAL BANK, International Operations, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071 Telephone (213) 593-2131, (213) 593-2130 or (213) 593-2127, referencing Letter of Credit No. [REDACTED]

8. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the Provision of Paragraph 3.

Sincerely,

  
Authorized Signature

**Linda Shum**  
**Vice President**

## EXHIBIT B

To  
Letter of Credit Number ZSB802245

I, \_\_\_\_\_ a duly authorized representative of the  
Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$  
\_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No.  
\_\_\_\_\_ dated \_\_\_\_\_ issued by you is permitted under the provision of the  
Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the  
amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does  
not exceed the Credit Amount, and (4) the amount to be drawn is necessary to assure or complete  
reclamation of the Western Clay Company Inc., Three Knolls, number S0270101, Millard County, Utah  
in accordance with applicable law.

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_